

New Hampshire Department of Revenue Administration Commission to Study School Funding

March 2, 2020



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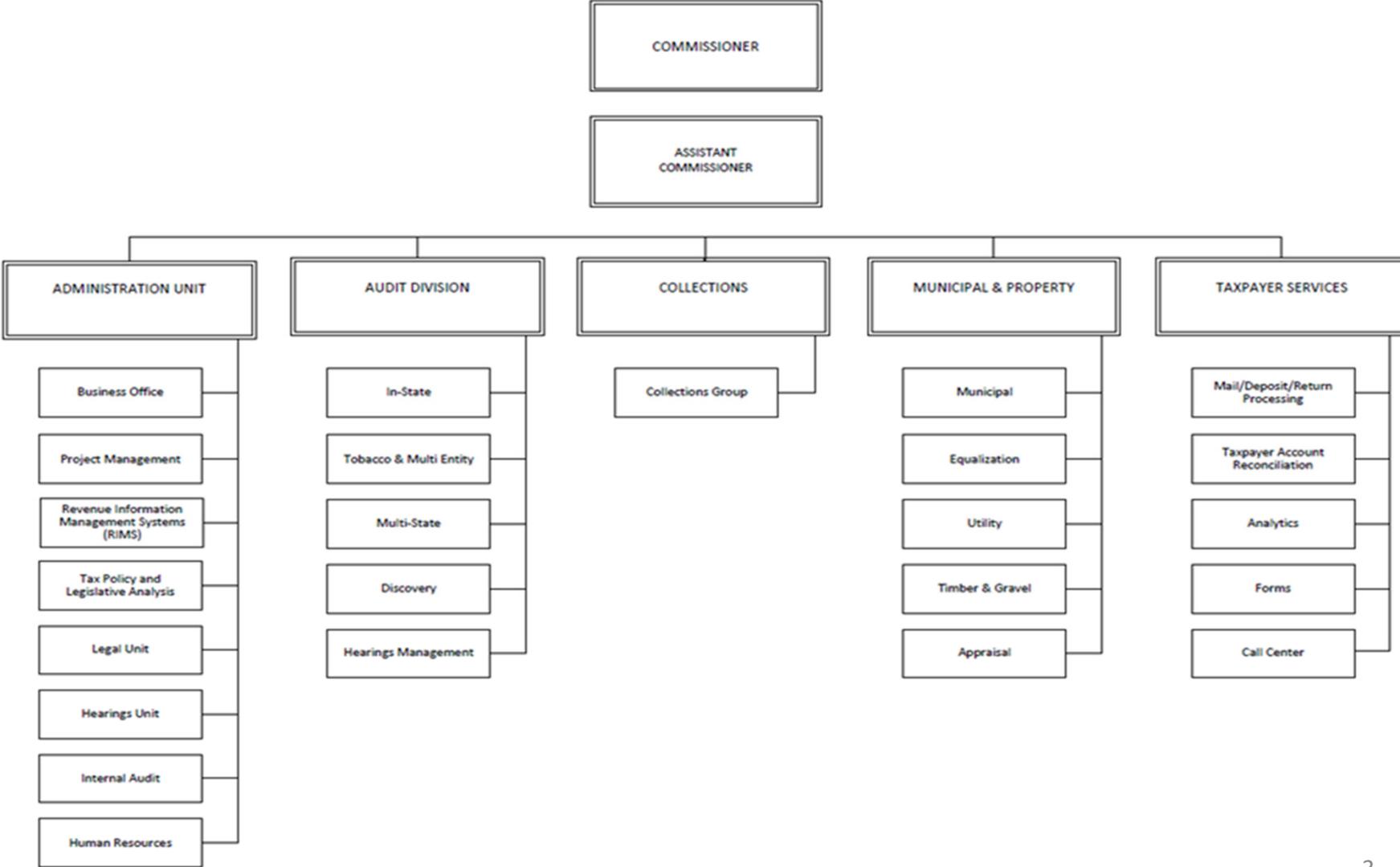
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MISSION

The mission of the Department of Revenue Administration is to fairly and efficiently administer the tax laws of the State of New Hampshire, collecting the proper amount of taxes due, incurring the least cost to the taxpayers, in a manner that merits the highest degree of public confidence in our integrity. Further, we will provide prompt and constructive assistance to the municipal units of government in matters of budget, finance, and the appraisal of real estate.

Department of Revenue Administration Organizational Chart



Municipal and Property Division

- Establishes and approves municipal, school, county and village district tax rates.
- Provides technical assistance and training in all aspects of municipal finance and budgeting.
- Monitors reappraisals and certifies tax assessors.
- Equalizes local assessed values of municipalities to full value.
- Appraises public utility and railroad property for the administration of corresponding taxes.
- Administers timber and gravel taxes.
- Provides support for statutorily attached boards (Assessing Standards Board and Current Use Board).

Appropriations Approved by School District Voters are Funded by:

- Local Education Property Taxes
- State Education Tax/Statewide Education Property Tax (SWEPT)
- Education Grants from the Education Trust Fund
- Other revenue (non-property revenues from federal, state, and/or local sources, use of retained fund balance, etc.)

Appropriations Approved by School District Voters are Funded by:

- Local Education Property Taxes
 - Taxpayer → Municipality → School District
- Statewide Education Property Tax (SWEPT)
 - Taxpayer → Municipality → School District
- Education Grants from the Education Trust Fund
 - State → School District
- Other revenue (non-property revenues from federal, state, and/or local sources, use of retained fund balance, etc.)
 - Various Sources → School District

Appropriations Approved by School District Voters are Funded by:

- Local Education Property Taxes
 - Taxpayer → Municipality → School District
 - Determined by the difference between total appropriations and three other funding sources
- Statewide Education Property Tax (SWEPT)
 - Taxpayer → Municipality → School District
 - Determined by statute (RSA 76:3)
 - Calculation performed by DRA
- Education Grants from the Education Trust Fund
 - State → School District
 - Determined by statute including cost of adequate education, with amount of SWEPT raised and retained locally subtracted from the total cost of an adequate education, stabilization grants, and additional aid (FY2021)
- Other revenue (non-property revenues from federal, state, and/or local sources, use of retained fund balance, etc.)
 - Various Sources → School District
 - Determined by circumstances that can vary year to year

The History of the Statewide Education Property Tax in N.H.

- 1999 – SWEPT created (using set rates in the statute) – Laws of 1999, Chapter 17. The “annual education property tax” was set at \$6.60 on each \$1,000 of value of taxable property.
- 1999 – Utility Property Tax enacted by Laws of 1999, Chapter 17. This created RSA Chapter 83-F, setting the utility property tax at a rate of \$6.60 on each \$1,000 of value of taxable property.
- 2001 – Laws of 2001, Chapter 158 set the “annual education property tax” rate at \$5.80.
- 2003 – Laws of 2003, Chapter 241, set the “annual education property tax” rate at \$4.92.

The History of the Statewide Education Property Tax in N.H. (continued)

- 2004 – Laws of 2004, Chapter 195, set the “annual education property tax” rate at \$3.24. The law also introduced an approach, beginning July 1, 2005, which would set a rate to raise a specific dollar amount (\$363,677,547).
- 2005 – Laws of 2005, Chapter 257 introduces a change and now requires that the “statewide enhanced education tax rate” be set each year “at a level sufficient to generate revenue of \$363,000,000...”
- 2008 – Laws of 2008, Chapter 257 change name of tax to “education tax”.
- 2011 – Laws of 2011, Chapter 258 - Previous requirement that “excess” SWEPT taxes at local level be returned to the State is eliminated.

Current Law

TITLE V TAXATION

CHAPTER 76 APPORTIONMENT, ASSESSMENT AND ABATEMENT OF TAXES

Assessment

Section 76:3

76:3 Education Tax. – Beginning July 1, 2005, and every fiscal year thereafter, the commissioner of the department of revenue administration shall set the education tax rate at a level sufficient to generate revenue of \$363,000,000 when imposed on all persons and property taxable pursuant to RSA 76:8, except property subject to tax under RSA 82 and RSA 83-F. The education property tax rate shall be effective for the following fiscal year. The rate shall be set to the nearest 1/2 cent necessary to generate the revenue required in this section.

Source. 1878, 23:5. GL 13:2. PS 14:2. PL 13:2. RL 20:2. 1999, 17:14; 338:2. 2001, 158:18. 2003, 241:2. 2004, 195:2, 3. 2005, 257:2. 2008, 173:15, eff. July 1, 2009.

How SWEPT is Calculated

- Using Unity, NH and the calculation of their 2019 SWEPT as an example.
- The Department's Equalization Bureau must first complete the equalization of each municipalities' property values pursuant to RSA 21-J:3, XIII. This equalized valuation will be available by June of 2018 for the property values reported in 2017.
- The Department's Municipal Bureau then utilizes the total equalized valuation for all municipalities to determine the "uniform education rate" necessary to raise at least \$363,000,000 (calculated to the nearest half cent).

How SWEPT is Calculated (continued)

- Total equalized valuation as of 4/1/2017 was \$176,333,020,837, which resulted in a “uniform education rate” of \$2.060 per \$1,000 of value for the tax year beginning 4/1/2019.
- Taking the “uniform tax rate” of \$2.060 per \$1,000 of value the amount of SWEPT that Unity was expected to raise was \$250,832

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF REVENUE ADMINISTRATION
WARRANTS FOR TAX YEAR APRIL 1, 2019 (RSA 76:8)**

NEW HAMPSHIRE DEPARTMENT OF REVENUE FOR TAX YEAR BEGINNING 4/1/2019 <small>(Rounded to the nearest dollar)</small>	TOTAL EQUALIZED VALUATION NOT INCL. UTILITIES 4/1/2017	RSA 76:3 WARRANT AMOUNT TOTAL EQUALIZED VALUE TIMES TAX RATE OF 2.060 PER \$1,000 VALUE
TOTALS	176,333,020,837	363,246,023
ACWORTH	96,922,154	199,660
ALBANY	101,730,753	209,565
TUFTONBORO	1,090,525,496	2,246,483
UNITY	121,763,247	250,832

How SWEPT is Calculated (continued)

- The Education Tax Warrant required that the Town of Unity assess and collect \$250,832.

EDUCATION TAX WARRANT FOR TAX YEAR 2019

December 6, 2018

To the Selectmen or Assessors of **UNITY**

In accordance with the provisions of RSA 76:8 II, you are hereby required to assess the sum of \$ 250,832 for the 2019 Education Tax. Per RSA 76:3, this amount is based on a uniform rate of \$2.060/1000 of the 2017 equalized valuation without utilities in the amount of \$121,763,247.

How SWEPT is Calculated (continued)

- In order to assess this \$250,832 among the various taxpayers in Unity, the Town will create a Unity-specific Education Tax Rate by dividing the needed tax dollars by the Town’s local calculation of property valuation (130,295,397).



*New Hampshire
Department of
Revenue
Administration*

**2019
\$28.49**

Tax Rate Breakdown Unity

Municipal Tax Rate Calculation			
Jurisdiction	Tax Effort	Valuation	Tax Rate
Municipal	\$1,159,640	\$133,730,697	\$8.67
County	\$379,585	\$133,730,697	\$2.84
Local Education	\$2,013,300	\$133,730,697	\$15.05
State Education	\$250,832	\$130,295,397	\$1.93
Total	\$3,803,357		\$28.49

Sources of Education Revenue

Unity School District 2019

How to Pay for “Fund” the Appropriations (Approved by Voters)	Amount (\$3,663,106)	What % of Appropriations
Local Education Property Taxes Paid via Tax Bill	\$2,013,300	55.0%
State Education Grant – State Pays to School District	\$890,141	24.3%
SWEPT – Taxpayers Pay to School District via Tax Bill	\$250,832	6.8%
Non-Property Revenues Received by School from Federal Sources	\$204,932	5.6%
Non-Property Revenues Received by School from State Sources	\$187,999	5.1%
School District – Retained Fund Balance Use	\$73,402	2.0%
Non-Property Revenues Received by School from Local Sources	\$42,500	1.2%

SWEPT by County

Education Tax (SWEPT) By County 2019

<u>County</u>	<u>State Education Dollars</u>	<u>% of Total</u>
Belknap	\$23,030,978	6.3%
Carroll	\$28,136,947	7.8%
Cheshire	\$14,360,503	3.9%
Coos	\$5,682,230	1.6%
Grafton	\$28,586,881	7.9%
Hillsborough	\$94,577,887	26.0%
Merrimack	\$33,763,700	9.3%
Rockingham	\$100,960,474	27.8%
Strafford	\$24,773,093	6.8%
Sullivan	\$9,373,330	2.6%
Total	\$363,246,023	100%